

**MEMORANDUM OF AGREEMENT
NAT-I-9410**

BETWEEN THE

**FEDERAL AVIATION ADMINISTRATION
DEPARTMENT OF TRANSPORTATION
UNITED STATES OF AMERICA**

AND THE

**CIVIL AERONAUTICS AUTHORITY
REPUBLIC OF PANAMA**

WHEREAS the Federal Aviation Administration ("FAA") of the Department of Transportation of the United States of America is directed to encourage the development of civil aeronautics and the safety of air commerce, and is authorized to furnish to foreign governments certain technical assistance to that end; and

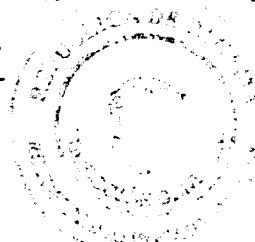
WHEREAS the Civil Aeronautics Authority ("AAC") of the Republic of Panama ("Panama") has requested that such technical assistance be provided;

NOW, THEREFORE, the FAA and the AAC (collectively, the "Parties," and each individually, a "Party") mutually agree as follows:

ARTICLE I—OBJECTIVE

A. This Memorandum of Agreement, including its annexes and appendices (the "Agreement"), establishes the terms and conditions under which the FAA may provide technical assistance to the AAC in developing, modernizing, operating, or maintaining the civil aviation infrastructure in Panama. For this purpose, the FAA shall, subject to the availability of appropriated funds and necessary resources, provide personnel, resources, and related services to assist the AAC to the extent called for in the annexes and appendices to this Agreement.

B. The FAA's ability to furnish the full scope of technical assistance provided for under this Agreement depends on the use of systems and equipment in Panama that are similar to those used by the FAA in the U.S. National Airspace System. To the extent that other systems and equipment are used in Panama, the FAA may not be able to support those other systems and equipment under this Agreement.



ARTICLE II—IMPLEMENTATION

A. Specific technical assistance to be provided by the FAA for the AAC shall be delineated in annexes and appendices to this Agreement. When signed by the duly authorized representatives of the Parties, such annexes and appendices shall become part of this Agreement. Such annexes and appendices shall describe the technical assistance to be performed by the FAA, the personnel and other resources required to accomplish the tasks, the estimated costs, implementation plans, and duration.

B. The designated office at the FAA for the coordination and management of this Agreement, and to which all requests for services under this Agreement should be made, is:

Federal Aviation Administration
Office of International Aviation
800 Independence Ave., S.W.
FOB-10B, 6th Floor East
Washington, D.C. 20591

Telephone: +1-202-385-8900
Facsimile: +1-202-267-5032

ARTICLE III—DESCRIPTION OF SERVICES

A. The technical assistance provided by the FAA at the request of the AAC may include, but is not necessarily limited to, the following:

1. Providing technical and managerial expertise to assist the AAC in developing, modernizing, operating, and maintaining its civil aviation infrastructure, standards, procedures, policies, training, and equipment;
2. Providing training for AAC personnel in the United States, in Panama, or in such other location as may be specified in the applicable annex or appendix;
3. Inspecting and calibrating AAC-owned or -operated equipment and air navigation facilities; and
4. Providing resources, logistical support, software, and equipment.



B. Technical assistance in these and other areas, as mutually agreed to, may be accomplished by appropriate short- and long-term in-country assignments or by other assistance offered by the FAA.

ARTICLE IV—STATUS OF FAA PERSONNEL

A. The FAA shall assign personnel to perform the services agreed upon in the annexes and appendices to this Agreement. The personnel assigned may be employees of the FAA, another U.S. Government agency, or a contractor to the FAA. FAA or other U.S. Government personnel assigned to any activity shall retain their status as U.S. Government employees. The supervision and administration of the personnel shall be in accordance with the policies and procedures of the FAA as an agency of the U.S. Government. The assigned personnel shall perform at the high level of conduct and technical execution required by the FAA.

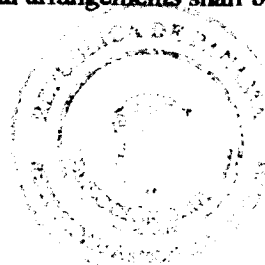
B. U.S. Government personnel assigned to perform work under an annex or appendix to this Agreement shall be accorded the same privileges and immunities as are accorded to the administrative and technical personnel of the U.S. Embassy under the Vienna Convention on Diplomatic Relations of 1961. Such personnel shall not, however, be considered members of the Embassy staff by virtue of their enjoyment of such privileges and immunities.

ARTICLE V—HOST PARTY SUPPORT

The support by the AAC necessary for accomplishing the FAA technical assistance shall be described in the appropriate annex or appendix to this Agreement. If for any reason the AAC is unable to provide fully the support specified in each annex or appendix, the FAA shall arrange for the support and charge the costs for such support to the AAC. The AAC shall pay all such costs.

ARTICLE VI—FINANCIAL PROVISIONS

Each annex or appendix shall describe the specific financial arrangements for the technical assistance to be provided. However, all financial arrangements shall be subject to the following:



A. Prior to the performance of any services by the FAA, the AAC shall pay to the FAA the estimated cost of providing the services and an administrative overhead charge in accordance with the provisions set forth in this Agreement and its annexes and appendices.

1. In the event that the FAA does not receive the payment within the time specified in the applicable annex or appendix, the FAA shall automatically terminate the technical assistance project and forward a statement of account for the actual costs, including an administrative overhead charge, incurred in preparing to provide the technical assistance. The AAC shall pay any such statement of account.

2. The FAA may, in its sole discretion and on a case-by-case basis, waive the required prepayment. In such cases, the FAA shall submit a statement of account to the AAC for all costs, including an administrative overhead charge, incurred by the FAA in providing the services.

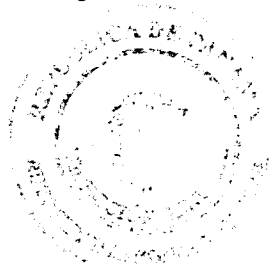
B. Notwithstanding any other provision of this Agreement, the FAA may, in its sole discretion and on a case-by-case basis:

1. Waive reimbursement by the AAC of all or a portion of the cost of providing services, including the administrative overhead charge, under the annexes and appendices to this Agreement. The details of any such waiver shall be set forth in the appropriate annex or appendix.

2. Accept reimbursement from a third party or another agency of the U.S. Government in lieu of reimbursement by the AAC of all or a portion of the cost, including the administrative overhead charge, of providing services under the annexes and appendices to this Agreement. The details of any such acceptance of payments shall be set forth in the appropriate annex or appendix.

C. The FAA has assigned agreement number NAT-I-9410 to identify this Agreement. This number and the billing number assigned to each annex or appendix, if applicable, shall be referenced in all correspondence and bills related to this Agreement.

D. Upon completion of the services, the FAA shall submit a statement of account to the AAC detailing the actual cost of providing the services, including an administrative overhead



charge. Each statement of account shall be delivered to the address specified in the respective annex or appendix.

1. If the statement of account shows that the actual cost of providing the services is greater than the estimated cost paid by the AAC, the AAC shall pay the balance due to the FAA.

2. If the statement of account shows that the actual cost of providing the services is less than the estimated cost paid by the AAC, the FAA shall either refund the difference to the AAC, apply the difference to any unpaid balances owed by the AAC under the Agreement, or hold the balance as a deposit against any future work under this Agreement, as agreed to by the Parties.

E. Payment of a balance due must be received by the FAA within sixty (60) days after the date the FAA issues a statement of account. In the event that payment is not received by the FAA within such time, the FAA shall assess late payment charges – i.e., interest, penalties, and administrative handling charges – in accordance with U.S. Treasury Department regulations. The FAA shall assess additional late payment charges for each additional thirty (30) day period, or portion thereof, during which payment is not received. The AAC shall pay any such late charges.

F. All payments shall be made in U.S. dollars and may be made either by check or electronic funds transfer. Checks shall be drawn on a U.S. bank and forwarded to the FAA at the address specified in the applicable annex or appendix. Electronic funds transfers shall be made in accordance with the instructions set forth in the applicable annex or appendix. All payments shall include a reference to the assigned agreement number and billing number.

G. The FAA reserves the right to suspend all work under this Agreement if there is an outstanding balance for work performed or services rendered under any of its annexes or appendices.

H. In the event of a termination of the Agreement or any of its annexes or appendices by either Party under Article X of this Agreement, the AAC shall pay:

1. All costs incurred by the FAA in providing, or in preparing to provide, the technical assistance prior to the date of such termination, including an administrative overhead charge; and




2. All termination costs incurred by the FAA during the 120-day close-out period.

ARTICLE VII—IMMUNITY AND LIABILITY

A. The United States, including the FAA and all other agencies and instrumentalities of the United States (collectively "the United States"), assumes no liability for any claim, loss, damage, injury, or death arising out of or relating to this Agreement.

B. The AAC, on behalf of Panama, waives any and all claims against the United States and any current or former officers or employees of the United States for any and all loss, damage, injury, or death arising out of or relating to this Agreement and agrees that Panama shall bring no claim or legal proceeding of any kind against any of the above entities or persons for any such claim, loss, damage, injury, or death.

C. The AAC, on behalf of Panama, agrees that the United States and all current and former officers and employees of the United States shall be immune from the jurisdiction of all courts and tribunals of Panama for any claim, loss, damage, injury, or death arising out of or relating to this Agreement.

D. The AAC, on behalf of Panama, further agrees to indemnify the United States and any current or former officer or employee of the United States for any judgments, settlements, or awards paid by them and all costs (including attorneys' fees) incurred by them as a result of any claim or legal proceeding of any kind brought by a third party arising out of or relating to this Agreement.

ARTICLE VIII—AMENDMENTS

The Parties may amend this Agreement or its annexes or appendices. The Parties shall document the details of any such amendment in a written agreement signed by both Parties.

ARTICLE IX—RESOLUTION OF DISAGREEMENTS

The Parties shall resolve any disagreement regarding the interpretation or application of this Agreement or its annexes or appendices in consultations between the Parties. The Parties shall not refer any such disagreement to an international tribunal or third party for settlement.




ARTICLE X—ENTRY INTO FORCE AND TERMINATION

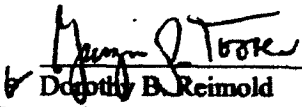
A. This Agreement shall enter into force on the date of the last signature and shall remain in force until terminated.

B. Either Party may terminate this Agreement or its annexes or appendices at any time by providing sixty (60) days' notice in writing to the other Party. Termination of this Agreement shall not affect obligations of the AAC under Articles IV, VI, VII, and IX of this Agreement. The FAA shall have one hundred twenty (120) days to close out its activities following any termination of this Agreement or its annexes or appendices. Termination of this Agreement also shall terminate all annexes and appendices concluded by the Parties pursuant to this Agreement.

ARTICLE XI—AUTHORITY

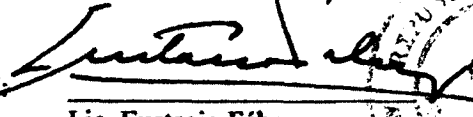
The FAA and the AAC agree to the provisions of this Agreement as indicated by the signatures of their duly authorized representatives.

FEDERAL AVIATION ADMINISTRATION
DEPARTMENT OF TRANSPORTATION
UNITED STATES OF AMERICA

BY: 
✓ Dorothy B. Reimold
TITLE: Acting Assistant Administrator for
International Aviation

DATE: JUN 22, 2009

CIVIL AERONAUTICS AUTHORITY
REPUBLIC OF PANAMA

BY: 
Lic. Eustacio Fábrega
TITLE: Director General

DATE: JUN 24, 2009

